



***Office of Thrift Supervision
Financial Reporting Division***

December 2002

Financial Reporting Bulletin

It is important that you read this bulletin and the attached materials before submitting your Thrift Financial Report.

TFR Deadline Including CSS — Thursday, January 30

HC and CMR Deadline — Friday, February 14

IN THIS ISSUE

Electronic Filing Software

Fourth Quarter 2002 Filing Deadlines

December 2002 TFR Instruction Manual Updates

Software Corner

Questions and Answers

2003 TFR Changes

FRD Contact List

2003 Filing Schedule

The Financial Reporting Division of the Office of Thrift Supervision publishes the Financial Reporting Bulletin quarterly and distributes it to all OTS regulated institutions. The bulletin's purpose is to provide the Thrift Financial Report preparer with reporting information and guidelines. Please send comments and suggestions on this bulletin to Patrick G. Berbakos, Director, National Systems, Information Systems, Administration & Finance, Office of Thrift Supervision, 1700 G Street, NW, Washington, DC 20552 or by e-mail to patrick.berbakos@ots.treas.gov.

ELECTRONIC FILING SOFTWARE DOWNLOAD

EFS Version 3.9 Download Available

There will be **no** new CD release of the Electronic Filing System (EFS) for the December quarter. Instead, there is an update available for you to download. To access the EFS update, you should connect with OTS and download the update. To do this, select the *Transmit* button and make sure that the *Receive Acknowledgements/Notices* box is checked. From the next screen, select the *Transmit Now* button. **This must be done before you enter your December 2002 data into EFS.**

When the download is complete, you can apply the update in one of two ways. From the *Transmission Log Viewer*, double-click the *software* icon and the installation will commence. Or you can simply exit EFS, and then re-initialize the application.

This update contains the following changes:

- A separate set of edits for annual filers of Schedule FS
- Correction of errors in two edits noted by report preparers
- Re-designation of several edits from "Critical Errors" to "Reasonableness Checks"

For additional information or assistance you may call Cheyann Houts (972-277-9617), Doris Jackson (972-277-9618) or Jacquie White (202-906-6464.)

FOURTH QUARTER DEADLINES

You should complete and transmit your December 2002 TFR including Schedule CSS as soon as possible after the close of the quarter. All schedules except HC and CMR are due no later than **Thursday, January 30, 2003**. Schedules HC and CMR are due no later than **Friday, February 14, 2003**.

Savings institutions that are exempt from filing Schedule CMR but choose to voluntarily file **must** follow the same filing deadlines as those institutions that are required to file. **OTS will not be able to provide interest rate risk reports to institutions that fail to meet the filing deadline.** We advise all voluntary filers to contact Doris Jackson (972-277-9618 or doris.jackson@ots.treas.gov) two days after transmitting their CMR to confirm that we received your CMR filing.

If you have any questions concerning the preparation of your report, please call your Financial Reporting Division contact in Dallas, Texas. You can find the current list of FRD contacts on the back page of this bulletin. You may email reporting questions to tfr.instructions@ots.treas.gov. If you have a problem with the electronic filing software or transmission, call Cheyann Houts at 972-277-9617 or Doris Jackson at 972-277-9618.

DECEMBER 2002 TFR INSTRUCTION MANUAL UPDATES

Attached to this bulletin are 27 updated pages to the TFR Instruction Manual. The updated pages are dated December 2002. All changes are identified by a bar in the right margin. The changes are as follows:

General Instructions – Page 104: Clarified that all data in the TFR is based on calendar year reporting and all data must be reported as of the end of the calendar quarter, except for Schedule HC, which provides for fiscal year reporting.

Schedule SC, SC710, Deposits – Page 229: Clarified item 3 in the "do not include" list to exclude only those internal accounts for which you have a corresponding cash account in assets.

Schedule SC, SC783, Escrows – Page 230: Clarified that only those accounts should be included where the institution or its consolidated subsidiary is a party to the escrow agreement.

Schedule PD, Past Due and Nonaccrual – Pages 501 and 502: Revised the instructions for reporting delinquent payments of amortizing closed-end loans and partial payments of delinquent loans.

Schedule SI, Mutual Fund and Annuity Sales – Pages 914 and 916: Clarified that mutual fund and annuity sales and fee income are not included in Schedule SI if they are reported in Schedule FS, Fiduciary and Related Services.

Schedule CSS, Subordinate Organization Schedule – Pages 1403 through 1407: Clarified definitions of Type of Business codes. Eliminated Code 42.

Schedule CCR, Capital Requirements – Page 1522: Clarified Note 2.

Schedule CCR, Capital Requirements – Page 1523: Corrected the LTV for 50% risk weighting of qualifying single-family mortgages to 90% LTV.

SOFTWARE CORNER

Cycle Selection

Beginning in January 2003, the EFS software will default the *Cycle Selection* screen to 2003. For 2002 reports, you must select **Year 2002** from the drop-down menu to proceed to the correct reporting cycle.

Schedule CSS

To access Schedule CSS, click on the CSS tab under the TFR report screen. EFS will carry forward all subsidiary organization data from the preceding year including tax id, name and address of the subsidiary, and parent company information. If the 2001 information is not available on your system, you can download the report from OTS or manually re-enter the subsidiary data.

To download the report, select *Change Cycle* from the main EFS screen, select the *December 2001* reporting period. Select *Transmit*, *Download Financial Data*, *TFR*, and *Transmit Now*. Once the report has been downloaded, you will select the TFR report on the *Import Downloaded Financial Data* screen and click on *Import*. Next, select *Reports*, click on the *TFR* tab, and the *CSS* tab to verify that the data has been imported. Exit the CSS and TFR report screens and select to *Change Cycle* back to the *December 2002* reporting period.

To update your 2002 Schedule CSS information from the CSS screen, click on the first entity number located on the right-hand side of the screen, enter the updated financial data and click on *Save*. Repeat the process for each entity.

If you must delete an entity, you should send a message to OTS indicating the entity number that was deleted.

EFS Contact Information

The EFS contact information you provide to the OTS contains three different levels of contact. **Report Preparer Information** is the person(s) responsible for TFR, CMR, HCR, and BOS report preparation and transmission. **Emergency Contact Information** is the primary and secondary senior-level individuals with decision-making authority. **Control List Information** is the person designated by your institution's CEO to receive time-sensitive information related to terrorist activity. It is important that you update this information regularly and that you verify its accuracy each time you transmit reports to OTS. These contacts are described further below.

The **Report Preparer Information** provides the name and address of the individual responsible for preparing the TFR, CMR, HCR and BOS reports. The TFR Forms, TFR Instruction Manual and Updates, EFS software, and Financial Reporting Bulletins are sent directly to the person and

address that you list under the *Institution and Report Preparer Information*. To access this information within EFS, click on *Institution Setup*. Select the *Institution Info* tab to view or update your institution's information. Select the *Report Preparer* tab to view or update the report preparer's name, e-mail, fax and telephone number. **Select the button to use same preparer information for all reports, or select each report tab individually to type in the report preparer information for each of the OTS reports, and click on Save.**

Submit the primary and secondary **Emergency Contact Information** in accordance with CEO Memo No. 168, dated September 13, 2002. Both of the contacts should be senior officials with decision-making authority to receive critical, time-sensitive information from the federal banking agencies. To access the emergency contact information from the main screen within EFS, click on *System* and *Thrift Emergency Contact Information*. Complete the form for the primary and secondary contact information including: name, title, phone, fax, and e-mail address, and click on *Close*.

The **Control List Information** is also collected on the thrift emergency contact screen. The control list contact is described in CEO Memo #151, dated October 5, 2002, as the person designated to receive confidential, unified lists of individuals and entities identified by the law enforcement agencies relating to terrorist activity. Complete the control list contact information at the bottom of the thrift emergency contact information screen, and click on *Close*.

You may transmit any of the contact information listed above when transmitting a report or by transmitting a message to OTS.

Questions & Answers

We post TFR Questions and Answers on the OTS web site at www.ots.treas.gov/tfrqanda.html. If you have a question that you would like posted, please submit it to tfr.instructions@ots.treas.gov.

Q&A No. 189

SUBJECT: DERIVATIVE INSTRUMENTS AND HEDGES

LINE(S): Schedules SC and SO

DATE: December 10, 2002

The following information was included in the December 2000 Financial Reporting Bulletin. We repeat it here to answer many questions we have received concerning reporting derivatives in the TFR.

Schedule SC, Statement of Condition

- You must report all **derivative instruments** as defined in SFAS No. 133 either as assets or liabilities at fair value, and include them in line SC690, "Other Assets", or line SC796, "Other Liabilities and Deferred Income." Where derivative instruments represent one of the three largest items comprising the total other assets or other liabilities, report them as code 20.
- For a **fair value hedge**, reflect the effective portion of the accumulated fair value gain or loss on the hedged assets or liabilities as an adjustment to the carrying amount of the hedged assets or liabilities. Most interest-rate sensitive assets and liabilities are "eligible" for a qualifying fair value hedge, including loans, securities, servicing assets, deposits, FHLB advances, and other borrowings.
- For a **cash flow hedge**, the effective portion of the accumulated fair value gain or loss on the derivative instruments is considered "accumulated other comprehensive income (loss)", which is reported on SC890, "Other components of equity capital".

Schedule SO, Statement of Operations

Report all changes in the fair value of derivative instruments not reflected in the second and third items above, including the ineffective portion of the fair value gain or loss related to fair value and cash flow hedges, as either income or expense. OTS has not taken a position as to where on the income statement such amounts should be reported; that is, as interest income or expense, or noninterest income or expense. Report such amounts on the TFR in a manner consistent with that reflected in the institution's audited financial statements.

Q&A No. 190

SUBJECT OVERDRAWN NOW ACCOUNTS

LINE(S): Schedule PD

DATE: December 10, 2002

Question: *We include overdrawn NOW accounts in Consumer Loans on SC345. Do we need to report in Schedule PD accounts that have been in overdraft status over 30 days?*

Answer: Yes. The overdraft loan is assumed due the date your bank pays the overdraft. If it is now more than 30 days past due, it should be reported in Schedule PD.

Q&A No. 191**SUBJECT: LOANS SOLD WITH RECOURSE – 120 DAY LIMITED RECOURSE****LINE(S): CC455, CC468****DATE: December 10, 2002**

Question: *When we report our loans sold with recourse balance on Schedule CC, should it be adjusted by loans that meet the 120-day exception rule? On Schedule CCR, we can deduct loans that meet the 120-day exception from our loans sold with recourse total.*

Answer: No, you cannot reduce loans sold with recourse reported on CC455 by loans for which recourse is limited to 120 days. You should report all recourse in effect as of the end of the quarter in Schedule CC including recourse that is for a limited period. The definition of recourse on Schedule CC does not follow the capital rules. If an institution has recourse liability at the date of the report, they should report the amount of recourse in CC468 and the total amount of the principal on CC455, regardless of how long the recourse lasts.

Q&A No. 192

SUBJECT: LOANS TO EXECUTIVE OFFICERS**LINE(S): SI590, SI900-SI930****DATE: December 10, 2002**

Question: *If an extension of credit is made to an executive officer that will be sold in the next quarter should we include that loan?*

Answer: Yes. The loan should be reported on SI900 - SI930 because these lines collect activity during the quarter. Any loan remaining on the books at close of business at quarter-end should be reported on SI590 - 595, even if it will be sold after quarter-end.

Q&A No. 193

SUBJECT: LTV ON PURCHASED LOANS**LINE(S): Schedules LD and CCR****DATE: December 10, 2002**

Question: *How should LTV ratios on loan purchases be calculated for Schedules LD and CCR?*

Answer: Purchases of loans in an arms length transaction are treated basically the same as originations except that the institution's loan amount is based on its recorded investment in the loan, which is affected by any premium paid or discount received at purchase. Thus when calculating loan-to-value, use the recorded investment.

For example:

If at origination a loan balance is 95 and the value of the property is 100, the LTV is 95 percent. If an institution later purchased the loan at a discount when the loan balance was 91 and paid 89, then the LTV would be 89 percent, and it would not be a high LTV loan for them.

A purchase premium would have the opposite effect by increasing the recorded investment. For example: if the loan balance were 89 and the value of the property were 100, and a 2 dollar premium were paid, the LTV calculation would be $91/100 = 91\%$. If there were no PMI or additional readily marketable collateral, the loan would be reported as a high LTV loan.

Q&A No. 194**SUBJECT: LTV – OTHER CREDIT ENHANCEMENT****LINE(S): CCR460****DATE: December 10, 2002**

Question: *In the TFR instruction manual for 50% risk weight, for CCR460, it states "report the carrying value...if such loans meet all of the following criteria". Our question concerns 3b: "The extension of credit is insured to at least a 90 percent LTV by private mortgage insurance, or there is other appropriate credit enhancement to bring the effective LTV down to 90 percent or less." Could you please clarify the meaning of "other appropriate credit enhancement" and if possible include some examples?*

Answer: The answer to this question may be found in the preamble to the new regulation that raised from 80% to 90% the LTV to get the lower risk weight of 50%. That preamble was published in the Federal Register on May 10, 2002. In pertinent part it says appropriate credit enhancements include PMI and "readily marketable collateral." That term is defined in a footnote as "insured deposits, financial instruments, and bullion in which the lender has a perfected security interest...salable under ordinary circumstances with reasonable promptness at a fair market value...appropriate(ly) discounted".

First key point: None of this is new. It is only reiterated now because we raised the LTV, but it has existed in the Real Estate Lending Guidelines for years (12 CFR 560.101).

Second key point: The overwhelming credit enhancement of choice, because of its acceptance and ease of use, will still be traditional PMI. Any other of these more esoteric credit enhancements will need to pass supervisory muster.

Q&A No. 196

SUBJECT: BEST EFFORT COMMITMENTS**LINE(S): CMR Optional Commitments****DATE: December 10, 2002**

Question: *Do our best effort commitments, which are commitments to sell the loan at a fixed rate, fixed price, if and only if the loan closes, meet the definition of an optional commitment to sell loans? And thus, should they be included in Schedule CMR, Optional Commitments to Purchase or Sell MBS?*

Answer: Yes, the best effort commitments should be reported as optional commitments. The time for expiry (maturity) should be based on the expected time for closing based on your best guess, and the reported notional amount should be based on your best guess as to the percentage of commitments that normally close.

2003 TFR CHANGES

The 2003 TFR form and instructions will be mailed to all TFR report preparers in March 2003. A copy of the form may be accessed on the OTS web site, www.ots.treas.gov, click on the TFR tab, click on News.

On July 12th the federal banking regulators requested public comment on the proposed data collection of consumer loan information on subprime lending programs. Comments were received and reviewed by all banking regulators. And at its December 9th meeting, the FFIEC decided **not** to collect data on subprime programs through the Call and TFR reports. Therefore OTS will not add this information to the TFR.

The following changes will be made in the 2003 TFR:

- **Schedule FS – Reporting Frequency**

Institutions with fiduciary assets of \$250 million or less will be required to report fiduciary and related asset balances, lines FS210 through FS291, **quarterly**. Currently only those institutions with total fiduciary assets greater than \$250 million are required to file quarterly. The quarterly reporting requirements are unchanged for institutions with total fiduciary assets greater than \$250 million. The annual reporting requirements for all institutions with fiduciary powers are unchanged.

- **Schedule HC – Servicing Assets**

Addition of a line to break out servicing assets included in Intangible Assets on HC510.

HC515: Servicing Assets included in HC510

- **Schedule CMR Coupon Rate Categories**

Due to falling interest rates, we have lowered the coupon rates in Schedule CMR by two percent in the following categories:

- Fixed Rate Single-family, First Mortgage Loans & Mortgage-backed Securities, CMR001 – CMR125
- Mortgage Loans Serviced for Others, CMR401 – CMR415
- Fixed –rate, Fixed-maturity FHLB Advances, Other Borrowings, Redeemable Preferred Stock, & Subordinated Debt, CMR675 – CMR706

- **Schedule VA – Credit Card Charge-offs**

Revise the caption for VA145, 148, and 150 from “Acquisitions” to: “Adjustments” to include a portion of credit-card charge-offs.

On VA580, institutions will report all charge-offs on credit card loans, including charge-offs that did not reduce valuation allowances, such as those that reduce interest income. The charge-offs reported on VA580 will be carried forward to the reconciliation of valuation allowances on VA155. On VA145, institutions will report that portion of charge-offs included on VA580 that did not reduce valuation allowances. This reporting will permit the valuation allowance reconciliation to balance.

- **Schedule CC – Recourse Obligations**

Delete the word “Off-Balance-Sheet” in the caption for CC455.

In the case where an institution securitizes loans and retains a subordinate piece, the institution reports the entire securitization including the on-balance-sheet retained portion. We are, therefore, changing the caption of CC455 to conform to the current instructions. The new caption will be:

CC455: Total Principal Amount of all Assets Covered by Recourse Obligations or Direct Credit Substitutes

- **Changes to “other” codes in Schedules SC and SO:**

Other Assets – Delete two codes no longer used:

15 Margin Accounts

23 Other residual interests in financial assets sold not appropriately reported elsewhere

Delete one code in Non-interest-income and move it to Non-interest-expense

Non-interest-income – Delete:

08 Net income or loss allocable to minority shareholders

Non-interest-expense – Add:

18 Net income or loss allocable to minority shareholders

The allocation of the net income or loss of consolidated subsidiaries to minority shareholders, including dividends on REIT preferred stock issued by a consolidated subsidiary, where you have elected to report the REIT preferred stock as a minority interest on line SC799.

Non-interest-expense – Modify one code:

09 Loan origination expense

Include appraisal reports, credit reports, and other similar expenses, including amortization of origination costs that are capitalized.

MARCH 2003 EFS CHANGE

Filing Reports with Edit Check Failures

Beginning with the March 2003 reporting cycle, transmission to OTS will be blocked for any report that fails specified edit checks and does not have an accompanying Usernote explaining the circumstances and reasons that failure of the edit check does not invalidate the report.

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The Financial Reporting Division uses voice mail extensively. If you reach the voice mail of the person you are calling, please leave a brief message, speaking slowly enough to be clearly understood. Include your name, phone number, region, and docket number. Your call will be returned as quickly as possible.

TFR REPORTING QUESTIONS AND ANSWERS

We post TFR Questions and Answers on the OTS web site at <http://www.ots.treas.gov/tfrqanda.html>. If you have a question that you would like answered, you may submit it to tfr.instructions@ots.treas.gov.

COPIES OF TFR MANUAL

OTS provides one free copy of the TFR Instruction Manual and Financial Reporting Bulletins to report preparers of all OTS-regulated institutions. Additional copies of the manual and bulletins may be ordered from our distribution service at (301) 645-6264 at a cost for a one-year subscription of \$35. You can also access the manual and bulletins on the OTS web site at <http://www.ots.treas.gov/tfrpage.html>.

**Office of Thrift Supervision
Filing Schedule for 2003 Regulatory Reports**

Reporting "As Of" Date	Filing Deadline			
	Thrift Financial Report	Schedules HC and CMR	Cost of Funds	Branch Office Survey
2003 January 31			Monday March 3	
February 28			Monday March 31	
March 31	Wednesday April 30	Thursday May 15	Wednesday April 30	
April 30			Friday May 30	
May 31			Monday June 30	
June 30	Wednesday July 30	Thursday August 14	Wednesday July 30	Monday August 25
July 31			Tuesday September 2	
August 31			Tuesday September 30	
September 30	Thursday October 30	Friday November 14	Thursday October 30	
October 31			Monday December 1	
November 30			Tuesday December 30	
December 31	Friday January 30, 2004	Tuesday February 17, 2004	Friday January 30, 2004	

Thrift Financial Report Instruction Manual Updates

DECEMBER 2002

Insert these revised pages into your 2002 instruction manual.
Delete **only** those pages that have replacements.

Refer to the summary of these changes in the December 2002
Financial Reporting Bulletin.

Direct questions to your Financial Reporting Analyst in Dallas, TX,
or by e-mail to tfr.instructions@ots.treas.gov.

institution with a charter conversion **from OTS to another banking regulator** or merger with a non-OTS regulated institution, effective **after** close of business on the last day of the quarter, is required to file a TFR for the entire previous quarter. Institutions changing banking charters are never required to file a partial report to their former banking regulator; they must file a financial report only with the agency regulating them on the last day of the quarter, reporting activities for the entire quarter. Therefore, an institution that is required to file a TFR is not required to file a Call Report and vice versa. If a newly formed OTS-regulated institution opens for business at any time during the quarter, even if on the last day of the quarter, it is required to file a TFR for the period of operations during the quarter.

5. RECORD RETENTION

You should retain at least one copy of your completed TFR for reference; do not send paper copies to the OTS in Washington. Section 7(b)(5) of the Federal Depository Institutions Act requires each insured depository institution to maintain records for verifying the correctness of the institution's insurance assessment for five (5) years from the date of filing.

6. AMENDING THE TFR

To have amendments included in the first public release of the OTS data file, you must transmit within **50 calendar days** of the end of the quarter; that is, within 20 days after the TFR due date. Amendments submitted after the 50-day period should have the approval of OTS, FRD in Dallas, before transmission. In no case can OTS process amendments beyond 140 days after the end of the quarter. **With every amendment you file, you should send a user note explaining the reason for the amendment.**

You may correct material errors in prior-period TFRs in one of the following ways depending on the time period being corrected:

1. If you can file an amendment within 140 days of the end of the quarter being corrected, transmit the amendment correcting the TFR in which the error occurred after you discuss it with your FRD analyst in Dallas.
2. If the correction is to an income statement in a quarter that can no longer be amended and is within the current calendar year, include the correction with the current TFR in the same data field that would have carried it in the original report. If the adjustment distorts yields or results in negative numbers in fields that do not permit negatives, include the amendment in Other Noninterest Income, SO490, or Other Noninterest Expense, SO580.
3. If the correction is to an income statement for a quarter from a prior calendar year that can no longer be amended, make the adjustment directly to retained earnings on SI670, Other Adjustments to Equity Capital.

You should file TFR amendments electronically, rather than by phone or fax. Amendments filed electronically automatically update EFS on your computer. Please direct questions regarding the electronic filing of amended TFRs to the OTS Financial Reporting Division in Dallas, Texas, at 972-277-9617 or 972-277-9618.

The amendment filing deadlines above also apply to amending Schedule CMR. All amendments to Schedule CMR must be submitted within 140 days of the end of the quarter.

7. REPORTING BASIS

Prepare the TFR on a consolidated basis in accordance with generally accepted accounting principles (GAAP) based on calendar year reporting. Unless otherwise specified, all data is reported as of the end

of the calendar quarter or in the case of income, expense, and other activity data, for the period of one calendar quarter. Report subordinate organizations that are not GAAP-consolidated subsidiaries using the equity or cost methods of accounting. **Subordinate organization** is defined by OTS regulation. It includes any corporation, partnership, business trust, association, joint venture, pool, syndicate, or other similar business organization in which a savings association has a direct or indirect ownership interest. It excludes an ownership interest that qualifies as a pass-through investment pursuant to 12 CFR § 560.32 and is so designated by the reporting savings association. GAAP-consolidated subsidiaries as defined in 12 CFR § 559.2 mean entities in which a savings association has a direct or indirect ownership interest and whose assets are consolidated with those of the savings association for purposes of reporting under GAAP.

You should apply GAAP unless we specifically state otherwise in these instructions. Accordingly, the instructions for each data field reflect, to the extent possible, GAAP applicable to savings associations. Note, however, that financial statements of savings associations prepared in accordance with GAAP have flexible presentation formats and may require significantly less detail on a less frequent basis than the TFR. The TFR collects additional detail to facilitate supervision by the OTS and to provide uniform information on industry activities. Certain GAAP reporting and presentation concepts may not be consistent with the conventions and frequency of the TFR. In these cases, the TFR instructions override GAAP presentation practices.

The amounts reported on the TFR must be readily reconcilable to the savings association's books and records.

8. EXEMPTION FROM FILING SCHEDULE CMR

Savings associations with less than \$300 million in assets and with risk-based capital ratios in excess of 12 percent for two consecutive quarters are exempt from filing Schedule CMR. All savings associations newly regulated by the OTS are exempt from filing Schedule CMR for the first two quarters that they are under OTS regulation.

You lose your exemption from filing Schedule CMR if you do not meet the exemption criteria for two consecutive quarters. You must file Schedule CMR beginning the quarter after the second consecutive quarter in which you do not meet the criteria. For example, you fail the criteria in March and June, therefore, you must file Schedule CMR for the September quarter, and each quarter thereafter until your OTS Regional Director reinstates the exempt status.

You may also lose your exempt status if your OTS Regional Director requires you to file Schedule CMR. You must continue to file Schedule CMR until your OTS Regional Director reinstates the exemption in writing.

9. TFR PREPARATION

- a. Round all dollar amounts to the nearest thousand. If any balance sheet data field or other balance as of the end of the reporting period is less than \$500, enter a **1** in the data field to indicate that the amount is not zero. This does not apply to the data fields representing income, expense, and other activity. Where necessary for balancing purposes, make adjustments to the appropriate **other** category.
- b. Data fields that we indicate in the instructions and forms as being deducted should not be input as negative; these data fields will be subtracted by EFS. Indicate these data fields as negative only when the instructions say that the netting of certain amounts within these data fields might result in an amount that should be added rather than subtracted. We identify these data fields in italics on the form and mention them in the accompanying instructions.

- c. You should check all data and prove all totals before and after input. Crosscheck data fields that should agree with other data fields. All edit failures indicated in EFS should be thoroughly verified and corrected where necessary prior to submission. Explain edit exceptions with the user note function of the filing software.
- d. Persons knowledgeable of the overall financial condition and operations of the savings association should review the final TFR. The Officers' and Directors' Certification at the front of the paper copy of the TFR must be signed by an officer and three directors of the savings association for each TFR submitted, including amendments. You must retain this certification form and have it available for inspection by OTS.
- e. Indicate the name and telephone number of the person we should contact if questions arise concerning the TFR. This person should be familiar with OTS's reporting requirements. When someone other than the savings association's personnel prepares the TFR, the contact should be someone who can either answer questions or can quickly obtain such answers from savings association personnel. The name and address of the TFR contact must be correct because we use it to distribute quarterly TFR mailings.

8. Credit balances in credit card accounts, credit card customer overpayments.
9. Funds you received or held in connection with drafts or checks that you have drawn on another depository institution, a Federal Home Loan Bank, or a Federal Reserve Bank. The funds reported here are only those drawn either on a zero-balance account or on an account that is not routinely maintained with sufficient balances to cover checks drawn in the normal course of business, including accounts where you remit funds only when the checks or drafts are presented. For example, funds received from a customer for a cashier's check that is drawn on a zero-balance account in another financial institution.
10. Dealer reserve accounts, when considered a liability under GAAP. **Dealer reserve accounts** are refundable amounts held as collateral in the purchase of installment notes from a dealer. For example, a savings association purchases \$100,000 in installment notes from a dealer for the full face amount, for which it pays \$90,000 to the dealer and holds the remaining \$10,000 as collateral. The \$10,000 held is a dealer reserve account, which you should report as a deposit. If you hold dealer reserves that under GAAP are reported as contra-assets, then you should report the assets net of these dealer reserves in Schedule SC, and report the dealer reserves on SI247 or SI248, as appropriate.
11. Outstanding travelers' letters of credit and other letters of credit you issued for cash or its equivalent (prepaid letters of credit), less outstanding drafts accepted against the letters of credit.
12. Funds you hold as security for an obligation due to the bank or others, except hypothecated deposits, and funds deposited by a debtor to meet maturing obligations, such as amounts pledged against sinking fund mortgages and as collateral for loans.

Certain items should be added back to the appropriate deposit control totals and reported on SC690, Other Assets, as Code 99. Such items are: the gross amount of debit items (rejects) that you cannot post to the individual deposit accounts without creating overdrafts or that you cannot post for some other reason, such as stop payment, missing endorsement, post or stale date, or account closed, but which have been charged to the control accounts of the various deposit categories on the general ledger.

You should report assets and liabilities in Schedule SC in accordance with GAAP. Certain items defined in the Federal Deposit Insurance Act as includable in the deposit premium assessment base may, under GAAP, be considered contra-assets rather than liabilities. Report assets in Schedule SC net of such items, but you must also report these items on SI239 or SI243 through SI248, as appropriate, so that they will be included in the deposit premium assessment base.

You should report reciprocal balances with commercial banks and other savings associations on a net basis where the right of set-off exists. Reciprocal demand balances arise when two depository institutions maintain deposit accounts with each other.

Do not include:

1. Escrow accounts. Report on SC783, Escrows.
2. Custodial accounts established pursuant to loan servicing agreements. Report on SC783, Escrows.
3. Deposit accounts that you set up in your own name for which there is a corresponding cash account in assets. Eliminate the cash account from assets and the same amount from deposits. See item 4 under **Include** above concerning outstanding checks.
4. Outstanding checks drawn on, or payable at or through, a non-zero-balance account at a Federal Reserve Bank or a Federal Home Loan Bank. Deduct these amounts from cash-in-bank, typically, from amounts on SC110 or SC162, as appropriate, and also report them on SI239 for inclusion in the deposit base for FDIC insurance assessment purposes. See item 9 under **Include** above concerning outstanding checks drawn on zero-balance accounts.
5. Outstanding checks written against accounts in other depository institutions, as defined by the Federal Deposit Insurance Act. Deduct these from the related deposit reported on SC110 or SC166.

6. Discounts and premiums that result from marking assets and liabilities to fair value because of an acquisition, merger, or change in control. Report on SC715, Unamortized Yield Adjustments on Deposits.
7. Deductions for commissions and other capitalized items. Report on SC715, Unamortized Yield Adjustments on Deposits.
8. Deductions for customers' overdrafts in NOW and demand accounts unless the right of set-off under a valid cash management arrangement exists for accounts of the same legal entity. Report as loans on SC303, Unsecured Commercial Loans, or SC345 Open-end Unsecured Consumer Loans.
9. U.S. Treasury tax and loan account balances credited prior to the reporting date that are automatically converted into open-ended interest-bearing notes. Report such balances in liabilities on SC796, Other Liabilities and Deferred Income.
10. Hypothecated deposits, deposits accumulated for the payment of loans. Deduct these from the related loan.
11. Unamortized deferred gains and losses on hedging transactions closed prior to adoption of FASB Statement No. 133. Report on SC715, Unamortized Yield Adjustments on Deposits.
12. Accumulated gain or loss, change in fair value, on deposits attributable to the designated risk being hedged on a qualifying fair-value hedge under FASB Statement No. 133. Report on SC715, Unamortized Yield Adjustments on Deposits.

SC783: ESCROWS

Report all escrow funds held by your savings association and your consolidated subsidiaries on behalf of others. Include only those accounts where the institution or its consolidated subsidiary is a party to the escrow agreement.

Include:

1. Tax and insurance escrows for mortgage loans.
2. Escrow accounts you have established pursuant to loan servicing agreements, including both tax and insurance and principal and interest escrows.
3. Custodial accounts you have established pursuant to loan servicing agreements.
4. Credit balances of uninvested trust funds that you hold. Do not offset balances of different accounts. Report only accounts with credit balances; accounts with debit balances should be reported as loans. However, we permit netting for overdrafts in principal or income cash in individual trust accounts maintained in the same right and capacity.
5. Amounts that you hold in conjunction with the sale of travelers' checks, money orders, and similar instruments.
6. Amounts you hold and have not yet remitted in conjunction with the sale or issuance of government bonds, mutual funds, or other securities.
7. Refundable loan commitment fees you have received prior to loan disbursement.
8. Refundable amounts you have received from stock subscribers for unissued stock.

SCHEDULE PD – CONSOLIDATED PAST DUE AND NONACCRUAL

Throughout these instructions, **you** and **your** refers to the reporting savings association and its consolidated subsidiaries; **we** and **our** refers to the Office of Thrift Supervision.

Report all loans and leases that you own that are contractually past due or are in nonaccrual status, regardless of whether such loans are secured, unsecured, or guaranteed by the Government or by others, with the exception of those noted below. Report the entire loan, not simply the amount of the delinquent payment. You should report the balance of the recorded investment after deducting **specific** valuation allowances. **Recorded investment** is the principal balance, adjusted for charge-offs and unamortized yield adjustments.

Do not include:

1. Delinquent FHA, FmHA, or VA 1-4 dwelling unit, residential mortgages in foreclosure status that you purchased from a Ginnie Mae pool (rather than continuing to make monthly advances on them) and that you service for others provided the process of reimbursement by FHA, FmHA, or VA is proceeding normally.
2. Loans on assets covered by the FSLIC Resolution Fund, the RTC, or the FDIC on which payments from the borrower are contractually past due or in nonaccrual status.

PAST DUE

1. Do not take grace periods into account when determining past due status.
2. Report loans and lease financing receivables as past due when **either interest or principal** is unpaid in the following circumstances:
 - a) **Amortizing closed-end** mortgage loans, closed-end nonmortgage installment loans, and any other loans and lease financing receivables with:
 - i) **Payments scheduled monthly** – when the borrower's interest and/or principal amount is past due thirty or more days (or one calendar month). For example, a loan payment is due March 15th. At March 31, the loan is not a full month past due, so it would not be reported in Schedule PD until after April 15th. On April 30 it would be 30 – 89 days past due.

- ii) **Payments scheduled other than monthly** – when one scheduled payment of interest and/or principal is due and unpaid for 30 calendar days or more.
- b) **Open-end loans** such as home equity loans, charge-card plans, check credit, and other revolving credit plans when the customer has not made the **minimum** payment for two or more billing cycles.
- c) **Single payment and demand notes** providing for the payment of interest at stated intervals (such as certain construction loans) after one interest payment is due and unpaid for 30 days or more.
- d) **Single payment notes** providing for the payment of interest at maturity if interest or principal remains unpaid for 30 days or more after maturity.
- e) **Unplanned overdrafts** if the account remains continuously overdrawn for 30 days or more.

You may use actual days as stated in the schedule headings in lieu of months when you calculate the past due period. The following example uses months to prepare Schedule PD. In this example the payment is due on the first of the month and the first payment missed is the one due January first.

<u>Payments Missed</u>		<u>Actual Days Overdue at Month-end</u>	<u>PD Category at End of Month</u>
Jan 1	(one)	30	Under 30 Days
Feb 1	(two)	58	30 - 89 Days
March 1	(three)	89	30 - 89 Days
April 1	(four)	119	90 Days or More

In the March TFR you would report this loan in the 30-to-89-day category.

Partial Payments for Amortizing Closed-end Loans:

When borrowers make partial payments, they get credit for the amount of payment they make, so the loan will generally not be reported as past due until two or more months of partial payments have been made.

For example:

If the payment due were \$100 and the borrower, due to a temporary condition, only paid \$25 a month, the loan would be \$75 past due at the end of the first month, \$150 past due the second month, and \$225 past due the third month.

If the loan were due on January 1, the loan would be \$75 past due on February 1 (and February 28), \$150 past due on March 1 (and March 31), and \$225 on April 1 (and April 30). On the March 31 TFR, the loan would be more than 30 days delinquent and would be reported as 30-89 days past due on Schedule PD.

Likewise, if the borrower paid \$50 a month, the loan would be \$50 past due on February 1 (and February 28), \$100 past due on March 1 (and March 31), and \$150 on April 1 (and April 30). Again, on the March 31 TFR, the loan would be 30 days delinquent and reported as 30-89 days past due.

However, if the borrower paid \$51 a month, the loan would be \$49 past due on February 1 (and February 28), \$98 past due on March 1 (and March 31), and \$147 on April 1 (and April 30). Therefore, on the March 31 TFR, the loan would be less than 30 days delinquent and would not be reported as past due.

Restructured loans:

You need not maintain a loan in nonaccrual status where you have formally restructured the loan so that you are reasonably assured of repayment and of performance according to the modified terms, provided the restructured loan is well secured and collection under the revised terms is probable. To determine probability of collection, consider the borrower's sustained historical repayment performance for a reasonable period, which may take into account performance prior to restructuring. A sustained period of repayment performance generally would equal a minimum of six months and would involve payments of cash or cash equivalents.

Do not include:

1. Loans on which interest is being accrued for record-keeping purposes but not for reporting purposes.
2. Accrued interest and advance payments of borrowers' taxes and insurance unless they have been capitalized to the loan balance.
3. Deductions for allowances for loan and lease losses (ALLL) or the assumed liability of wrap-around loans applicable to such loans.

NONACCRUAL

Report loans on which you no longer accrue interest.

Interest does not accrue on:

1. An asset that you maintain on a cash basis due to the borrower's deteriorating financial position.
2. An asset for which you do not expect to receive full payment of interest or principal.
3. An asset with principal or interest in default unless the value of the property securing the loan exceeds the receivable balance, including principal, interest, and escrows, and collection is probable.

MORTGAGE LOANS:

PD115, 215, and 315: Construction

Report loans included on SC230 through SC240, Construction Loans.

Permanent, Secured by:

PD120, 220, and 320: 1-4 Dwelling Units

Report loans included on SC250 and SC253, Permanent Mortgages on: 1-4 Dwelling Units.

PD125, 225 and 325: 5 or More Dwelling Units

Report loans included on SC256, Permanent Mortgages on: 5 or More Dwelling Units.

PD135, 235, and 335: Nonresidential Property (Except Land)

Report loans included on SC260, Permanent Mortgages on: Nonresidential Property (Except Land).

PD138, 238, and 338: Land

Report loans included on SC265, Permanent Mortgages on: Land.

NONMORTGAGE LOANS AND LEASES:**PD140, 240 and 340: Commercial**

Report loans and leases included on SC300 through SC306, Nonmortgage Loans: Commercial Loans.

Consumer Loans:**Closed-End:****PD161, 261, and 361: Loans on Deposits**

Report loans included on SC310, Consumer Loans: Loans on Deposits.

PD163, 263, and 363: Home Improvement Loans

Report loans included on SC316, Consumer Loans: Home Improvement Loans.

PD165, 265, and 365: Education Loans

Report loans included on SC320, Consumer Loans: Education Loans.

PD167, 267, and 367: Auto Loans

Report loans included on SC323, Consumer Loans: Auto Loans.

PD169, 269, and 369: Mobile Home Loans

Report loans included on SC326, Consumer Loans: Mobile Home Loans.

PD170, 270, and 370: Other, Including Leases

Report loans included on SC330, Consumer Loans: Other, Including Leases.

Open-End:**PD175, 275, and 375: Revolving Loans Secured by 1-4 Dwelling Units**

Report loans included on SC340, Consumer Loans: Revolving Loans Secured by 1-4 Dwelling Units.

PD178, 278, 378: Credit Cards and Related Plans

Report loans included on SC345, Consumer Loans: Credit Cards and Related Plans.

PD10, 20 and 30: Total

The EFS software automatically computes these totals as the sum of PD115 through PD178 on PD10, the sum of PD215 through PD278 on PD20, and the sum of PD315 through PD378 on PD30.

SI650: Stock Retired

Report the amount paid for common and perpetual preferred stock retired during the quarter. Report the amount as a positive number.

When applying push-down accounting, report the previously recorded par value and capital paid in excess of par value of the stock acquired by the new owners. The amount paid for this stock is reported on SI640.

SI660: New Basis Accounting Adjustments**Include:**

1. Adjustments made during the period in applying push-down accounting in the change-of-control.
2. Adjustments made in accounting for a savings association taken into receivership during the period.

SI670: Other Adjustments**Include:**

1. Adjustments from retroactively applying a change in promulgated GAAP.
2. The change in SC860, Unrealized Gains (Losses) on Available-for-Sale Securities.
3. The change in SC890, Other Components of Equity Capital.
4. Additional contributions of paid-in capital.
5. Issuance costs of common stock offerings.
6. Property distributions to stockholders. Record the transfer of dividends other than cash at the fair value of the asset on the declaration date of the dividend. Recognize a gain or loss on the transferred asset in the same manner as if you disposed of the property in an outright sale at or near the declaration date.
7. Audit adjustments and prior period adjustments to prior calendar years.

Do not include:

1. Audit adjustments and prior period adjustments within the current calendar year. Correct these through an amended report within 140 days of the report date or report them currently in Schedule SO.
2. Corrections of accruals. You must report these in the current period in the same data field in Schedule SO that they would have been reported had the accruals been made when incurred. If the correction causes interest yield or cost of funds to be significantly distorted, report the correction in other noninterest income or expense.

SI680: Ending Equity Capital

The EFS software automatically calculates this as the sum of SI600, SI610, SI640, SI660, and SI670 less SI620, SI630, and SI650. SI680 must equal SC80, Total Equity Capital, on the current TFR.

SCHEDULE CSS — SUBORDINATE ORGANIZATION SCHEDULE

*Throughout these instructions, **you** and **your** refers to the reporting savings association and its consolidated subsidiaries; **we** and **our** refers to the Office of Thrift Supervision.*

Complete this schedule annually using data as of December 31.

Report data as of December 31 for all active subordinate organizations that you own directly or indirectly, including any shell organizations owning active entities. Include subsidiary depository institutions. Do not include ownership interest in entities designated as pass-through investments as described in 12 CFR § 560.32. For purposes of reporting on Schedule CSS, an **inactive subordinate organization** is one with annual gross revenues of less than one thousand dollars.

CSS010: Entity Tax ID #

Report the taxpayer identification number, EIN, of the entity.

CSS020: Entity Name

Report the legal name of the entity.

CSS025: Street Address

Report the street address of the entity's headquarters, if located within the United States or its possessions. If the entity's headquarters is located in a foreign country, report the street address and city – abbreviate if necessary.

CSS030: City

Report the city where the entity has its headquarters, if located within the U.S. or its possessions. The city must correspond to the street address reported on CSS025. If the entity's headquarters is located within a foreign country, report only the name of that country.

CSS040: State

Report the abbreviation for the state in which the headquarters of the entity is located. The state must correspond to the city reported on CSS030. Report 99 if located in a foreign country.

CSS045: Zip Code

Report the zip code for the entity's headquarters. The zip code must correspond to the address reported on CSS025 through CSS040. Report **99999** if the headquarters is located within a foreign country that does not have a five-digit zip code.

CSS050: OTS Docket Number or Tax ID # of Immediate Parent

For first-tier subordinate organizations or a depository institution that you own directly or indirectly, report the docket number of the parent savings association. For lower-tier entities, as defined in 12 CFR § 559.2, report the taxpayer identification number, EIN, of the immediate parent of the entity within your organizational structure. For lower-tier entities, the taxpayer ID number entered here will also appear as a taxpayer ID number on CSS010.

If two or more entities in your tier structure own a subordinate organization, report the taxpayer ID number of the parent with the largest percent ownership. If two or more parents in your tier structure have the same percent ownership, choose one and report the taxpayer ID number for the parent chosen.

CSS060: Name of Immediate Parent

Report the legal name of the immediate parent reported on CSS050.

CSS070: % Ownership by Immediate Parent

Report the percent ownership by the immediate parent reported in CSS050 and CSS060. Report the number as a whole-number percentage – report 2/3's as 67 not as 0.67 or 66.7.

CSS080: Type of Entity

Report the code for the type of entity described below.

Code 11 Operating Subsidiary, Including entities formerly defined as finance subsidiaries

Operating subsidiary as defined in 12 CFR § 559.2 as any entity that satisfies all of the requirements for an operating subsidiary under 12 CFR § 559.3 and that is designated as an operating subsidiary by the parent savings association. A federal savings association must own, directly or indirectly, more than 50 percent of the voting shares of an operating subsidiary, and no other person or entity may exercise effective operating control. An operating subsidiary may only engage in activities permissible for a federal savings association.

Do not include entities that meet the criteria for a **lower-tier operating subsidiary**. Report these entities as Code 12.

Code 12 Lower-tier Operating Subsidiary

An operating subsidiary as defined under Code 11 that you own indirectly.

Code 13 Service Corporation

A **service corporation** is any entity that satisfies all of the requirements for service corporations in 12 U.S.C. § 1464(c)(4)(B) of the Home Owners' Loan Act and 12 CFR § 559.3 and that is designated as a service corporation by the investing savings association.

Code 14 Lower-tier Entity Qualifying as a Subsidiary

As defined in 12 CFR § 559.2, a **lower-tier entity** includes any company in which an operating subsidiary or a service corporation has a direct or indirect ownership interest. A lower-tier entity qualifies as a subsidiary if you directly or indirectly control the entity. **Control** is defined in 12 CFR § 574.

Do not include entities that do not meet the criteria for **subsidiary**. Report such entities as Code 15, Lower-tier Entity Not Qualifying as a Subsidiary.

Code 15 Lower-tier Entity not Qualifying as a Subsidiary

A lower-tier entity, defined in 12 CFR § 559.2, does not qualify as a subsidiary if you do not control it directly or indirectly. **Control** is defined in 12 CFR § 574.

CSS100 through CSS103: Type of Business

Report the code that describes the type of activity(ies) in which the entity engages up to a maximum of four. If the entity engages in more than one activity, report the functionally regulated activities first. List other activities in descending order, beginning with the entity that generates the largest revenue.

Code 01 – 29 – Not Used**Securities Brokerage and Investment Advisory Operations*****Code 30 – Registered Broker or Dealer (Functionally Regulated)***

Subordinate organizations that are registered securities brokers and dealers with the Securities and Exchange Commission (SEC) to effect securities transactions or buy and sell securities. **Note:** Do not use this code to report a subordinate organization that has an arrangement, contractual or otherwise, with a registered securities broker/dealer. See Code 34.

Code 31 - Registered Investment Advisor (Functionally Regulated)

Subordinate organizations that are registered as investment advisors with the SEC or a state. Do not use this code if the thrift itself is registered as an investment advisor.

Note: Do not use this code to report arrangements, contractual or otherwise, that the thrift or the subordinate organization may have with an affiliated or unaffiliated investment adviser to sell nondeposit investment products to your retail customers.

Code 32 – Registered Investment Company (Functionally Regulated)

Subordinate organizations that are registered as investment companies with the SEC under the Investment Company Act of 1940. Registered investment companies are primarily referred to as *mutual funds*.

Code 33 – Commodities Firms/Brokers (Functionally Regulated)

Subordinate organizations that engage in commodities transactions and are regulated by the Commodities Futures Trading Commission (CFTC).

Code 34 - Third Party Nondeposit Investment Product Sales or Referral Program

Subordinate organizations that contract with a affiliated or unaffiliated investment adviser, broker-dealer, or other entity to market and sell nondeposit investment products or investment advisory or related services to retail customers. Do not use this code if the subordinate organization has trust powers issued by OTS or another entity.

Note: Do not include subordinate organizations that are broker-dealers, mutual funds, or registered investment advisers (see Codes 30-32) or insurance sales operations (see Codes 35-37).

Insurance Operations**Code 35 – Insurance Agency (Functionally Regulated)**

Subordinate organizations that are insurance agencies licensed and regulated by individual states.

Note: Do not use this code to report organizations that do either of the following:

1. Offer insurance products or services indirectly through an arrangement with an insurance company. See Code 37.
2. Underwrite insurance. See Code 36.

Code 36 - Insurance Underwriting (Functionally Regulated)

Subordinate organizations that engage directly, not through a third party, in the business of insurance underwriting, including reinsurance.

Note: Do not include organizations that only engage in insurance agency operations – see Code 35 – or third party insurance sales arrangements. See Code 37.

Code 37 - Third Party Insurance Sales or Referral Programs or Other Non-functionally Regulated Insurance Operations

Subordinate organizations that contract with an affiliated or unaffiliated investment adviser, broker-dealer, or an entity to market or sell insurance products and related services to retail customers. Do not use this code if the subordinate organization has trust powers issued by OTS or another entity.

Other Business Operations

Code 38 – Subsidiary Depository Institution

Subordinate organizations that are also a depository institution - such as a federal savings association, state savings association, state savings bank, national bank, state chartered trust company that has FDIC insurance, or credit card bank.

Code 39 – Lending

Subordinate organizations that engage in mortgage lending, commercial lending, consumer lending or mortgage banking activities. Include finance or capital leasing activities.

Code 40 – General Leasing

Subordinate organizations that engage in general leasing activities. With general, operating, leases, the lessor is often responsible for the maintenance of the property.

Note: Include finance or capital leasing activities in lending, Code 39.

Code 41 – Trust and Other Fiduciary-related Services

Subordinate organization that has been granted trust powers by OTS, OCC, or by a state and that engages in trust and asset management activities. Do not use this code if the thrift has been granted trust powers by OTS and engages in trust and asset management activities.

Note: If subordinate organization (not the thrift) is registered with the SEC or with a state as an investment advisor, report code 31.

Code 42 – Unused

This code is no longer a valid type-of-business code.

Code 43 - Real Estate Development and Related Activities (Except Community Development-Related Investments)

Subordinate organizations that: (1) develop land or other real estate for sale or lease or property management or (2) acquire improved real estate or manufactured homes to be held for rental or resale, remodeling, renovating, or demolishing and rebuilding for sale or rental, or to be used for offices and related facilities of a stockholder of the subordinate organization.

Note: Do not include community development-related real estate investments and development activity. See Code 55.

Code 44 - Management of Real Estate Owned and Other Repossessed Assets

Subordinate organizations that perform asset management and disposition services for real estate owned (REO) or other repossessed assets.

REO includes:

1. Real estate in judgment.
2. Real estate acquired through foreclosure.
3. In-substance foreclosures.
4. Real estate acquired through deed in lieu of foreclosure.
5. Real property exchanged for foreclosed real estate.

Code 45 - Appraisal, Inspection Services

Subordinate organizations offering appraisal or inspection services.

Code 46 – Real Estate Investment Trust

Subordinate organizations organized as a real estate investment trust (REIT).

Code 47 - Agency Operations

Subordinate organizations that conduct activities in a custodial capacity, not as principal. An example would be real estate brokerage activities.

Note: Do not use this code if the subordinate organization is a broker-dealer, a registered investment adviser, or a mutual fund. Do not use this code if the thrift or subordinate organization has trust powers.

Code 48 – Electronic Banking

Subordinate organizations that engage in e-commerce business, such as Internet access, on-line lending, web site bill payment or funds transfer, web site maintenance, account aggregation, finder services, on-line brokerage or maintenance of financial portals.

Code 49 – Digital Certificate Authority

Subordinate organizations that engage in digital certificate authority services.

Code 50 – Data Processing Service Provider

Subordinate organizations that provide data processing, data mining, or data warehousing services.

Code 51 – Application (Software) Development

Subordinate organizations that engage in software development activities, such as new technologies or modeling techniques.

Code 52 - Issuing Notes, Bonds, Debentures or Other Securities

Subordinate organizations that issue – directly or through a third party intermediary – notes, bonds, debentures, or other instruments/securities. Do not include organizations that only issue preferred securities. See Code 53.

Code 53 – Issuing Preferred Securities

Subordinate organizations that issue preferred securities, such as trust-preferred or REIT-preferred securities.

Community Development-related Operations***Code 54 – Investments in a Small Business Investment Company***

Subordinate organizations that invest in Small Business Investment Companies or New Market Venture Capital Companies licensed by the Small Business Administration.

Code 55 – Investments in Community Development Related Real Estate

Subordinate organizations that invest in community development related real estate as authorized under HOLA 5(c)(3)(A), such as investments in low-income housing tax credit projects.

Code 56 – Charitable Foundation

Subordinate organizations that establish a nonprofit organization recognized by the Internal Revenue Service as organized for charitable purposes.

Note: Do not utilize this code if the thrift or subordinate organization provides services to charitable foundations and receives a fee or when it has trust powers.

Code 57 - Investments in Entities Authorized by Statute to Promote Community Development

Subordinate organizations that make investments in entities authorized by statute to promote community, inner city, and community development purposes, such as investments in Community Development Financial Institutions.

Code 58 – Other Community Development Investments

Subordinate organizations that make investments in either of the following:

1. Governmentally insured, guaranteed, subsidized or otherwise sponsored programs for housing, small farms, or businesses that are local in character.
2. Entities that meet the community development needs of, and primarily benefit, low-and moderate-income communities.

Other**Code 99 – Other**

Any activity not listed above.

CSS110: Identification Number of Subsidiary Depository Institution

If Code 38 is entered on CSS100 through CSS103, report the subsidiary depository institution's OTS docket number. If there is no OTS docket number, report the FDIC certificate number.

CSS115: Other Business Type

If Code 99 is entered on CSS100 through CSS103, describe the type of activity in which the entity engages. This narrative is limited to twenty spaces.

CSS120: Total Assets

Report the total assets of the entity as of the reporting date. Do not consolidate lower-tier entities. If total assets round to less than one thousand, enter a **1** in CSS120 and a corresponding entry in CSS130 or CSS140.

CSS130: Total Liabilities

Report the total liabilities of the entity as of the reporting date. Do not consolidate lower-tier entities.

CSS140: Total Capital

Report the capital of the entity as of the reporting date. Do not consolidate lower-tier entities.

CSS150: Net Income (Loss) For the Calendar Year

Report the net income or loss of the entity on a stand-alone, unconsolidated, basis for the year ending December 31.

CSS160: Gross Commitments and Contingent Liabilities

Report the outstanding gross commitments and contingent liabilities, including all transactions with affiliates.

Include:

1. Gross commitments to originate, sell or purchase loans and securities.
2. Gross commitments to purchase or sell real estate.
3. Loans-in-Process, loans closed, but not yet disbursed.
4. Unused lines of credit.

5. Total contingent liabilities.

Examples of contingent liabilities include:

1. Guarantees of indebtedness to others.
2. Standby letters of credit.
3. Loans sold with recourse.
4. Litigation claims or assessments.

MUTUAL FUND AND ANNUITY SALES DURING THE QUARTER (INCLUDE PROPRIETARY, PRIVATE LABEL, AND THIRD PARTY MUTUAL FUNDS)

Report the following data at the fully consolidated level except as noted in this paragraph. Generally, do not consolidate subsidiaries that are federally insured depository institutions. This includes BIF and SAIF-insured subsidiaries as well as SAIF-insured savings associations that are subsidiaries of a commercial bank. In the case where the parent depository institution has primary responsibility for the mutual fund program, report the information in the parent institution's regulatory report. Data should not be reported twice, *that is*, in both the parent and subsidiary's regulatory reports. The data in this section also includes data from your affiliates as described below.

Do not include mutual fund and annuity sales and fee income reported in Schedule FS.

Report in the appropriate sub-item the amount of mutual fund and annuity sales activity during the quarter. You may report these sales through a subsidiary, or by affiliated and unaffiliated entities. For purposes of this item, measure sales in terms of principal sales dollars, not sales revenue.

In general, include all sales of proprietary, private label, and other – third party – mutual funds and annuities that take place on your premises and all other sales where you receive income at the time of the sale, over the duration of the account – for example, annual fees, Rule 12(b)1 fees or trailer fees, and redemption fees – or from leasing arrangements. Also, include sales made by an entity located off-site and not on your premises when the entity receives customer referral from you and these referrals are the basis upon which you receive income. Include sales to both retail customers and institutional investors as well as sales of no-load products. When reporting sales by affiliated and unaffiliated entities, you may rely on the sales information provided by these entities when completing this item.

The following are some examples of the types of transactions to be reported as sales, when the above conditions are met:

- Initial and subsequent mutual fund and annuity purchases.
- Exchanges within a family of funds.
- Reinvestment of income, dividends and capital gains.
- Sweep account activity.

Report sales gross and not net of redemptions. However, with respect to sweep accounts, report the average amount of funds swept into the money market fund each day during the quarter and not the aggregate total amount of funds swept into the money market fund during the quarter. The average may be computed from the amount of funds swept into the money market fund for each day for the calendar quarter or from the amount of funds swept into the money market fund on each Wednesday during the calendar quarter.

For example, you have one sweep account and use the Wednesday reporting option. There are 13 Wednesdays during the quarter. The following amounts were swept into the money market fund each Wednesday during the quarter: Week 1: \$1,000; Week 2: \$5,000; Week 3: \$0; Week 4: \$4,000; Week 5: \$5,000; Week 6: \$4,000; Week 7: \$3,000; Week 8: \$0; Week 9: \$3,000; Week 10: \$2,000; Week 11: \$3,000; Week 12: \$4,000; Week 13: \$5,000. The average amount of funds swept into the money market fund on each Wednesday during the quarter was \$3,000; that is, the sum of the amounts for weeks 1-13, \$39,000, divided by 13.

Mutual fund is the common name for an open-end investment company whose shares are sold to the investing public. An **annuity** is an investment product, typically underwritten by an insurance company, which pays either a fixed or variable payment stream over a specified period. The primary purpose for establishing and marketing both proprietary and private label mutual funds and annuities is to target your or your organization's customers. A **proprietary product** is a product for which you, your subsidiary or other affiliate acts as investment adviser and may perform additional support services. Under a **private**

label product, an unaffiliated entity acts as the investment adviser. The identity of the investment adviser is normally disclosed in the prospectus for a mutual fund or annuity. Mutual funds and annuities that are not proprietary or private label products are considered **third party products**. For example, third party mutual funds and annuities include products that are widely marketed by numerous parties to the investing public and have investment advisers that are not affiliated with the reporting savings association.

Example: Savings Associations A, B, C, and D are subsidiaries of a holding company. Association A advises a family of mutual funds sold by all four savings associations in the holding company. Association A receives an advisory fee for mutual funds sold by all four savings associations. Association A should not include the amount of mutual funds sold during the quarter, reported by Associations B, C, and D in the amount of mutual fund sales it reports during the quarter. Association A should report only the mutual funds it has sold during the quarter. In addition, this family of mutual funds would be considered proprietary funds for all four savings associations.

SI800: Money Market Funds

Report the amount of sales of mutual funds during the quarter that, based on their investment objectives, can be best characterized as money market mutual funds. **Money market mutual funds** are mutual funds that invest exclusively in short-term debt securities with the objective of providing liquidity and preserving capital while also earning income.

SI810: Equity Securities Funds

Report the amount of sales of mutual funds during the quarter that, based on their investment objectives, can best be characterized as equity securities funds. **Equity securities funds** are mutual funds that invest primarily in equity securities, common stock.

SI820: Debt Securities Funds

Report the amount of sales during the quarter of mutual funds that, based on their investment objectives, can best be characterized as debt securities funds. **Debt securities funds** are mutual funds that invest primarily in debt securities, corporate bonds, U.S. Government securities, municipal securities, and mortgage-backed securities.

SI830: Other Funds

Report the amount of sales of mutual funds during the quarter that, based on their investment objectives, cannot properly be reported as one of the three preceding types of funds. Other funds may include mutual funds that invest in a mix of debt and equity securities.

SI840: Annuities

Report the amount of sales during the quarter of annuities, including variable annuities.

SI850: Sales of proprietary mutual funds and annuities Included on Lines 800 thru 840 Above

Report the total sales during the quarter of proprietary mutual funds and annuities. Also include these sales on lines 800 through 840.

A **proprietary product** is a product for which you, a subsidiary, or other affiliate of yours acts as investment adviser and may perform additional support services. The prospectus for a mutual fund or annuity normally discloses the identity of the investment adviser. Proprietary mutual funds and annuities are marketed primarily to your customers. In general, proprietary mutual funds and annuities are created by large holding companies and offered to customers of the organization's subsidiary savings

associations. Therefore, small, independent savings associations are not normally involved in the sale of proprietary mutual funds and annuities.

Savings associations that do not sell proprietary mutual funds and annuities should report a zero in this item.

SI860: Fee Income From the Sale and Servicing of Mutual Funds and Annuities

Report the amount of income that you earned during the quarter from the sale and servicing of mutual funds and annuities.

In general, this income is included in the amount reported on SO420, Other Fees and Charges. Report the income included in this item gross rather than net of expenses incurred by you or your consolidated subsidiary.

Include:

1. Income earned in connection with mutual funds and annuities that are sold on your premises or sold by you, through a subsidiary, or by affiliated or unaffiliated entities from which you receive income. This income may be in the form of fees or sales commissions at the time of the sale or fees, including a share of another entity's fees, that are earned over the duration of the account – for example, annual fees, Rule 12b-1 fees or trailer fees, and redemption fees. Report commissions as income when earned on an accrual basis at the time of the sale. However, you may report income when payment is received if the results would not differ materially from those obtained using an accrual basis.
2. Income from leasing arrangements with affiliated and unaffiliated entities who lease space in your offices for use in selling mutual funds and annuities. Income from leasing arrangements should be reported on an accrual basis, when earned, but may be reported as income when payment is received if the results would not differ materially from those obtained using an accrual basis.
3. Fees for providing investment advisory services for mutual funds and annuities that are sold on your premises or sold, through a subsidiary, or by affiliated or unaffiliated entities from which you receive income.
4. Fees for providing securities custody, transfer agent, and other operational and ancillary services to mutual funds and annuities that are sold on bank premises or sold by you, through a subsidiary, or by affiliated or unaffiliated entities from which you receive income.

Do Not Include:

1. Fees earned for services provided to mutual funds that are not sold by you, through a subsidiary, or by affiliated or unaffiliated entities with whom the savings association has sales relationships.
2. Do not include mutual fund and annuity fee income reported in Schedule FS.

2. Asset-backed securities with an AAA or AA rating that meet the criteria of the ratings based approach - 12 CFR § 567.6.

Do not include:

1. Stripped MBS. Report IO and PO strips that are not credit enhancing of otherwise high quality MBS on CCR505, 100% risk weight.
2. Ginnie Mae mortgage pool securities. Refer to instructions for CCR405.
3. MBSs where you have recourse for the underlying loans. The capital requirement on such obligations should follow the treatment of recourse obligations.

CCR435: Claims on FHLBs

Report all investments in, claims on, and balances due from Federal Home Loan Banks.

Include:

1. Book value of Federal Home Loan Bank stock.
2. Demand, savings, and time deposits with a FHLBank.
3. Securities, bonds, and notes issued by the Federal Home Loan Bank System
4. The credit equivalent amount of interest rate contracts, interest-rate swaps and caps, where the counterparty is a Federal Home Loan Bank.

CCR440: General Obligations of State and Local Governments

Report the amount of securities and other general obligations issued by state and local governments.

CCR445: Claims on Domestic Depository Institutions

Include the following obligations of domestic depository institutions:

1. Demand deposits and other transaction accounts.
2. Savings deposits.
3. Time certificates.
4. Travelers' checks and other cash equivalents.
5. Cash items in the process of collection.
6. Federal funds sold.
7. Loans and overdrafts.
8. Debt securities.
9. The credit equivalent amount of interest and exchange rate contracts (interest-rate swaps and caps) where the counterparty is a domestic depository institution.

Do not include:

1. Investments in other depository institutions where those institutions may count the investments in their regulatory capital, such as capital stock, qualifying subordinated debt, etc. Report on CCR370, Assets Required to be Deducted.
2. Interest rate contracts with a FHLBank or a Federal Reserve Bank. Report on CCR435 and CCR450, respectively.

CCR450: Other

Report all twenty percent risk-weight assets, not included above, as defined in 12 CFR § 567.6(a)(1)(ii).

Include:

1. Assets conditionally guaranteed by the U.S. Government, such as VA and FHA insured mortgage loans, the guaranteed portion of SBA, FhMA, and AID loans, and FICO and REFCO bonds, etc.
2. Loans and other assets fully collateralized by deposits..
3. The credit equivalent amount of interest rate contracts (interest-rate swaps and caps) where the counterparty is a Federal Reserve Bank.
4. Assets collateralized by U.S. Government securities other than mortgage related securities on CCR430.
5. Securities issued by, or other direct claims on, U. S. Government-sponsored agencies, including notes issued by Fannie Mae and Freddie Mac. Do not include equity securities or MBSs.

CCR455: Total

The EFS software will compute this line as the sum of CCR430 through CCR450.

CCR45: 20% Risk-weight Total

The EFS software will compute this line as twenty percent times CCR455, the risk-weighted product of all 20 percent risk-weighted assets.

50% Risk weight**CCR460: Qualifying Single-family Residential Mortgage Loans**

Report the carrying value, outstanding balance less all specific valuation allowances, of all qualifying single-family residential mortgage loans secured by a first lien when you have no other extensions of credit secured by a second lien on the same property to the same consumer, if such loans meet all of the following criteria:

1. You have prudently underwritten the loan.
2. The loan is performing and not more than 90 days past due.
3. One of the following is true:
 - a. The loan-to-value ratio (LTV) does not exceed 90 percent at origination.
 - b. The extension of credit is insured to at least a 90 percent LTV by private mortgage insurance, or there is other appropriate credit enhancement to bring the effective LTV down to 90 percent or less.
 - c. The current loan-to-value ratio is less than 90 percent, calculated using value at origination, because the original loan has been paid down.

Notes: 1. See 12 CFR 567.1 for the definition of Qualifying Mortgage Loan.

2. A loan with a 90% or higher LTV, without PMI or other readily marketable collateral enhancement, would not typically qualify for the 50% risk weight. The Real Estate Lending Guidelines urge savings associations as well as other types of banking organizations, to require PMI or other appropriate credit enhancement if a mortgage exceeds 90% LTV. See 12 CFR 560.101, and the footnote in the section on supervisory loan-to-value limits. These guidelines constitute a supervisory presumption of safety and soundness. To overcome that presumption for a loan that exceeds 90% LTV, a bank or thrift must demonstrate to the examiners' satisfaction that the loan is both prudently underwritten, and that it qualifies for the 50% risk weight in spite of the absence of private mortgage insurance or other appropriate credit enhancement.

Also, report the combined carrying value of all mortgage and consumer loans secured by liens on the **same** one- to four-family residential property, with no intervening liens. For example, you hold extensions of credit secured by first lien and second lien positions. Include in 50 percent risk weighting, if the loan meets all the following criteria:

1. You have prudently underwritten each loan.
2. Each loan is performing and not more than 90 days past due.
3. One of the following is true:
 - a. The combined loan-to-value ratio (CLTV) does not exceed 90 percent at origination.
 - b. The combined extension of credit is insured to at least a 90 percent LTV ratio by private mortgage insurance, or there is other appropriate credit enhancement to bring the effective LTV down to 90 percent or less.
 - c. The current combined LTV ratio is less than 90 percent, calculated using value at origination, because the borrower has paid down the combined loans.

When you hold the first lien and junior liens on a 1-to-4-family residential property and no other party holds an intervening lien, view the loans as a **single** extension of credit secured by a first lien on the underlying property. Use this treatment to determine the LTV ratio, as well as for risk weighting. Assign the combined loan amount to either the 50 percent or 100 percent risk category, depending on whether the credit satisfies the criteria for 50 percent risk weighting. In determining the LTV ratio, you must combine all loans secured by the same property regardless of whether you classify the loan as a mortgage or consumer loan in Schedule SC. You need not include loans classified in Schedule SC as commercial loans made to businesses and secured by residential property when you calculate the CLTV ratio for that property. You should risk weight such commercial loans at 100 percent.

If there is an intervening lien, do not combine the loans because another entity holds the second lien (the intervening lien). For example, you hold a first mortgage and third lien as a home equity line. In this case, you risk weight the carrying value of the loan secured by the first lien at 50 percent if the LTV is less than 90 percent and it otherwise meets the 50 percent risk-weight criteria. You risk weight the carrying value of the loan secured by the third lien at 100 percent, regardless of the CLTV.

In addition, include the following types of loans in the definition of single-family mortgage loans. These loans must meet the criteria above to be risk weighted at 50 percent:

1. Loans on interests in cooperative buildings.
2. Loans to individuals to fund the construction of their own home that meet the definition of a qualifying residential construction loan in 12 CFR § 567.1. You may include any accrued interest receivable in the loan balance.
3. Mortgage loans on mixed-use properties that are primarily single-family residential properties.

Do not include:

1. The combined carrying value of mortgage and consumer loans secured by first or second liens on the same property when the CLTV ratio exceeds 90 percent. Report the combined carrying value of these loans on CCR505, 100% Risk weight: All Other Assets.
2. The combined carrying value of mortgage and consumer loans secured by first and second liens on the same property if any of the extensions of credit are nonperforming (nonaccrual) or more than 90 days past due. Report on CCR505, 100% Risk weight: All Other Assets.
3. A loan to a consumer collateralized by a junior lien when another lender holds an intervening lien. For example, you hold the second lien and another lender holds the first lien, or you hold the first lien and the third lien, but do not hold the second lien (intervening lien). Report the junior lien on CCR505, 100% Risk weight: All Other Assets.
4. Foreclosed real estate. Report on CCR505, 100% Risk weight: All Other Assets.
5. Loans to individuals to construct their own home that are not qualifying residential construction loans as defined in 12 CFR § 567.1. Report on CCR505, 100% Risk weight: All Other Assets.

6. The portion of loans guaranteed by FHA that may be risk weighted at 20 percent. Report on CCR450.
7. Loans to commercial entities collateralized by mortgages of third-party borrowers (warehouse loans), or small business loans collateralized by a lien on a residential property. Report on CCR505, 100% Risk weight: All Other Assets.

CCR465: Qualifying Multifamily Residential Mortgage Loans

Qualifying Multifamily Mortgage Loans (12 CFR § 567.1) Under Current Rule

Report the carrying value plus accrued interest receivable, of permanent, first mortgages secured by first liens on multifamily residential properties consisting of five or more dwelling units that meet **all** the following criteria:

1. Amortization of principal and interest occurs over a period of not more than 30 years.
2. Original minimum maturity for repayment of principal on the loan is not less than seven years.
3. At the time you placed the loan in the 50 percent risk-weight category, the owner had made all principal and interest payments on the loan for the preceding year on a timely basis according to the loan terms (not 30 days or more past due).
4. The loan is performing and not 90 days or more past due.
5. You made the loan according to prudent underwriting standards.
6. The current outstanding loan balance does not exceed 80 percent (75 percent for variable rate loans) of the value of the property securing the loan. "Value of the property" (when you originate a loan to purchase a multifamily property) means the lower of either the purchase price or the amount of the initial appraisal, or if appropriate, the initial evaluation. Where a purchaser is not purchasing a multifamily property, but taking a new loan on his currently owned property, determine the value of the property by the most current appraisal, or if appropriate, the most current evaluation.
7. For the property's most recent fiscal year, the ratio of annual net operating income generated by the property, before payment of any debt service on the loan, to annual debt service on the loan is not less than 120 percent, (115 percent for variable-rate loans). In the case of cooperative or other not-for-profit housing projects, the property generates sufficient cash flows to provide you comparable protection.

In cases where a borrower refinances a loan on an existing property, instead of complying with criteria (3) and (7) above, a loan may qualify by satisfying the following criteria:

1. For the preceding year, the owner made all principal and interest payments on the loan being refinanced on a timely basis, not 30 days or more past due, according to the loan terms.
2. The net income on the property for the preceding year would have supported timely payment of principal and interest on the new loan according to the applicable debt service requirement.

12 CFR § 567.1 defines residential property as houses, condominiums, cooperative units, and manufactured homes. This definition does not include hospitals and nursing homes. Manufactured homes are those subject to HUD regulations under Title VI of the U.S. Code.

Include mortgage loans on mixed-use properties that are primarily multifamily residential properties if they satisfy the criteria for qualifying multifamily mortgage loans.

Grandfathered Qualifying Multifamily Mortgage Loans

Qualifying multifamily mortgage loans include multifamily mortgage loans that on March 18, 1994, met the criteria of qualifying multifamily mortgage loans under our capital rule on March 17, 1994, and continue to meet those criteria, namely:

1. An existing property consisting of 5 to 36 dwelling units secures the mortgage.